

### Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is the HB 447 pay plan allocation.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	28.50	0.00	1.00	29.50	0.00	1.00	29.50	29.50
Personal Services	1,466,723	(186,892)	68,789	1,348,620	(186,551)	130,471	1,410,643	2,759,263
Operating Expenses	1,311,150	(24,295)	0	1,286,855	(37,274)	0	1,273,876	2,560,731
Equipment	74,885	3,534	70,000	148,419	5,300	0	80,185	228,604
Grants	423,332	883,316	57,907	1,364,555	277,655	58,598	759,585	2,124,140
<b>Total Costs</b>	<b>\$3,276,090</b>	<b>\$675,663</b>	<b>\$196,696</b>	<b>\$4,148,449</b>	<b>\$59,130</b>	<b>\$189,069</b>	<b>\$3,524,289</b>	<b>\$7,672,738</b>
General Fund	1,497,806	224,506	163,925	1,886,237	7,972	155,607	1,661,385	3,547,622
State/Other Special	1,020,396	28,351	32,771	1,081,518	28,352	33,462	1,082,210	2,163,728
Federal Special	757,888	422,806	0	1,180,694	22,806	0	780,694	1,961,388
<b>Total Funds</b>	<b>\$3,276,090</b>	<b>\$675,663</b>	<b>\$196,696</b>	<b>\$4,148,449</b>	<b>\$59,130</b>	<b>\$189,069</b>	<b>\$3,524,289</b>	<b>\$7,672,738</b>

### Agency Description

The Library Commission, authorized in Section 22-1-101, MCA, administers state and federal library funding to operate and maintain the state library, oversees the six library federations located throughout Montana, and develops library oriented statewide long-range planning, policy, and service coordination.

Additional responsibilities of the commission include: assisting all tax-supported libraries and local governments wishing to establish or improve libraries; maintaining an audio book library for use by Montanans unable to utilize printed materials; providing access to state and federal publications; maintaining and providing information related to Montana's plant and animal species and habitat; as well as comprehensive land information.

### Agency Highlights

State Library Commission Major Budget Highlights
<p>Total funding increases over the FY 2004 base year are due to:</p> <ul style="list-style-type: none"> <li>◆ New Proposals of \$385,700: <ul style="list-style-type: none"> <li>• \$140,000 to implement the pay plan adopted in HB 447</li> <li>• \$116,400 to support the Library Federation and augment interlibrary loan reimbursements</li> <li>• \$59,300 to restore 1.0 FTE in Library Development that was lost in the general fund reduction for the 2005 biennium</li> <li>• \$70,000 to restore funding eliminated in the 2003 session.</li> </ul> </li> <li>◆ Present law adjustments of \$987,000 primarily to: <ul style="list-style-type: none"> <li>• Match anticipated federal grant funds to a biennial appropriation</li> <li>• Remove five modified, federally funded positions from personal services</li> <li>• Apply standard base adjustments that reduced operating expenses</li> </ul> </li> <li>◆ HB 482 increases the allocation of taxes collected under the Coal Severance Tax by 0.61 percent, providing the library an additional \$66,000 over the biennium from the coal severance tax shared account</li> </ul>

### Summary of Legislative Action

The legislature increased the FY 2004 base budget by \$1.1 million, the largest portion of which provided authority for the library commission to spend estimated federal grant funds and realign the biennial appropriation of the grant awards into the first year of the biennium.

The legislature reduced statewide present law adjustments by \$252,700 over the biennium to reflect a reduction in personal services for the removal of five federally funded, modified positions from the base year budget that offsets salary increases for reclassified positions and annualizing the pay plan. An additional increase of \$56,700 of state special revenue was approved to tie the Library Federation Program's revenue to projected annual expenditures.

The legislature also increased funding by \$385,700 to implement the pay plan adopted in HB 447, provide computer upgrades; add 1.0 FTE for clerical assistance, and increase Library Federation support and interlibrary loan reimbursements.

### Executive Budget Comparison

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg – Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg – Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	28.50	29.50	29.50	0.00	29.50	29.50	0.00	
Personal Services	1,466,723	1,309,476	1,348,620	39,144	1,309,737	1,410,643	100,906	140,050
Operating Expenses	1,311,150	1,286,855	1,286,855	0	1,273,876	1,273,876	0	0
Equipment	74,885	148,419	148,419	0	80,185	80,185	0	0
Grants	423,332	1,331,784	1,364,555	32,771	726,123	759,585	33,462	66,233
<b>Total Costs</b>	<b>\$3,276,090</b>	<b>\$4,076,534</b>	<b>\$4,148,449</b>	<b>\$71,915</b>	<b>\$3,389,921</b>	<b>\$3,524,289</b>	<b>\$134,368</b>	<b>\$206,283</b>
General Fund	1,497,806	1,847,093	1,886,237	39,144	1,560,479	1,661,385	100,906	140,050
State/Other Special	1,020,396	1,048,747	1,081,518	32,771	1,048,748	1,082,210	33,462	66,233
Federal Special	757,888	1,180,694	1,180,694	0	780,694	780,694	0	0
<b>Total Funds</b>	<b>\$3,276,090</b>	<b>\$4,076,534</b>	<b>\$4,148,449</b>	<b>\$71,915</b>	<b>\$3,389,921</b>	<b>\$3,524,289</b>	<b>\$134,368</b>	<b>\$206,283</b>

The legislature increased the budget as recommended by the Governor by \$206,300: 1) \$140,000 general fund to implement the pay plan provided in HB 447; and 2) \$66,300 in state special revenue appropriated in HB 482, which increased the Coal Severance Tax allocated to the library from 7.75 percent to 8.36 percent in support of the six library federations that serve community libraries throughout the state.

### Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature.

Program Funding Table							
Statewide Library Resources							
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 1,497,806	45.7%	\$ 1,886,237	45.5%	\$ 1,661,385	47.1%
	01100 General Fund	1,497,806	45.7%	1,886,237	45.5%	1,661,385	47.1%
02000	Total State Special Funds	1,020,396	31.1%	1,081,518	26.1%	1,082,210	30.7%
	02026 Nris State Special	253,570	7.7%	253,570	6.1%	253,570	7.2%
	02272 Renewable Resources Grnt/Loans	42,339	1.3%	-	-	-	-
	02340 Coal Sev. Tax Shared Ssr	375,390	11.5%	436,512	10.5%	437,204	12.4%
	02458 Reclamation & Development	349,097	10.7%	391,436	9.4%	391,436	11.1%
03000	Total Federal Special Funds	757,888	23.1%	1,180,694	28.5%	780,694	22.2%
	03018 Library Commission	716,569	21.9%	1,150,694	27.7%	750,694	21.3%
	03930 Nris Federal Funds	41,319	1.3%	30,000	0.7%	30,000	0.9%
Grand Total		\$ 3,276,090	100.0%	\$ 4,148,449	100.0%	\$ 3,524,289	100.0%

This program is funded with a combination of general fund, state special revenue, and federal funding. General fund supports the interlibrary loan reimbursement program, state aid to libraries throughout Montana, and general operations.

State special revenue includes funding from:

- The coal severance tax shared account, which partly funds general operations, the periodical database, materials and on-line books, and library federation grants and support that help local libraries provide basic services
- The Resource Indemnity Trust (RIT) reclamation and development grants, which partly fund the Natural Heritage Program, Natural Resource Information System (NRIS), and the Water Information Program
- Contracts from departments such as Fish Wildlife and Parks, Transportation, DNRC, university system, and Environmental Quality, which partly fund work done by NRIS, and the Natural Heritage and Water Information Programs

Revenue from the coal severance tax shared account and renewable resource account is derived from interest earned by the Resource Indemnity (RIT) and Coal Tax Trusts, which are appropriated by the legislature as defined by the constitution. Please see DP 100 in the new proposal section and House Joint Resolution 36 in the following section on legislation for further discussion of these funding sources.

Federal Library Services and Technology Act (LSTA) funding provides grants to Montana libraries and supports state library personal services and operations.

A wide range of federal grants that come in amounts under \$50,000 per year help fund state library services and projects related to the Natural Heritage Program, NRIS, and the Water Information Program.

### **Other Legislation**

House Bill 482 - This bill increases the allocation of taxes collected under the Coal Severance Tax by 0.61 percent, and allocates the increase to the programs designated in 15-35-108(3), MCA, one of which is the State Library Commission. The commission was appropriated an additional \$66,000 for the biennium in HB 2 with the passage of this bill, which brings the total Coal Severance Tax support for the Library to \$873,700.

House Joint Resolution 36 - This resolution recommends a review and analysis of the current funding formulas of the Resource Indemnity Trust. The recommendation is an outgrowth of the fact that three subcommittees appropriate funds to several agencies that statutorily get a portion of their revenues from resource indemnity taxes and/or trust earnings. There is presently no centralized legislative oversight of the appropriations that are approved in subcommittee. As a result, there is a potential for the fund to be over-appropriated or to have some funds appropriated that do not meet statutory requirements, thereby placing the stability of the funds at risk.

The State Library Commission is one of the agencies included in Resource Indemnity Trust funding, and its director will participate in the study group to examine funding priorities for, and use of funds related to the Resource Indemnity Trust.

### **Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2006-----					-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(137,057)					(136,700)
Vacancy Savings					(53,185)					(53,201)
Inflation/Deflation					3,534					5,300
Inflation/Deflation					(2,778)					(2,716)
Fixed Costs					68,596					55,555
<b>Total Statewide Present Law Adjustments</b>					<b>(\$120,890)</b>					<b>(\$131,762)</b>
DP 2 - Library Federation Support	0.00	0	28,351	0	28,351	0.00	0	28,352	0	28,352
DP 8 - Standard Base Adjustments	0.00	107,278	0	660,924	768,202	0.00	(98,384)	0	260,924	162,540
DP 10 - Transfer Base Exp. from Ren. Res. to Reclam. Dev.	0.00	0	0	0	0	0.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$107,278</b>	<b>\$28,351</b>	<b>\$660,924</b>	<b>\$796,553</b>	<b>0.00</b>	<b>(\$98,384)</b>	<b>\$28,352</b>	<b>\$260,924</b>	<b>\$190,892</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$675,663</b>					<b>\$59,130</b>

DP 2 - Library Federation Support - The legislature increased state special revenue by \$56,703 over the biennium from the coal tax shared account to provide funding to the Library Federation Program to tie revenue to projected annual expenditures of approximately \$219,000 for the periodical database, \$56,000 for library on-line materials, and \$128,700 for federation activities.

DP 8 - Standard Base Adjustments - The legislature approved a net biennial adjustment to the general fund of \$8,894 to realign state-wide grants to public libraries and to reestablish zero-based per diem for commission members and volunteer insurance, as well as an adjustment to federal revenue of \$921,848 to increase authority to spend estimated federal grant awards and realign the biennial appropriation of the awards into the first year of the biennium.

DP 10 - Transfer Base Expenses from Renewable Resources to Reclamation and Development Grants - The legislature approved the transfer of the Natural Resource Information System's (NRIS) base funding from the Renewable Resources Grants to Reclamation and Development funding of the Resource Indemnity Trust because of cash flow problems in the Renewable Resources Grant Program. (The amounts are listed in the funding section.)

## New Proposals

New Proposals										
-----Fiscal 2006-----					-----Fiscal 2007-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100 - Additional funds for Library Federations / HB 482										
01	0.00	0	32,771	0	32,771	0.00	0	33,462	0	33,462
DP 6010 - 2007 Biennium Pay Plan - HB 447										
01	0.00	39,144	0	0	39,144	0.00	100,906	0	0	100,906
DP 7000 - Clerical Assistance in Library Development										
01	1.00	29,645	0	0	29,645	1.00	29,565	0	0	29,565
DP 7001 - Interlibrary Loan Reimbursement										
01	0.00	25,136	0	0	25,136	0.00	25,136	0	0	25,136
DP 7002 - Computer Equipment Upgrade - OTO										
01	0.00	70,000	0	0	70,000	0.00	0	0	0	0
<b>Total</b>	<b>1.00</b>	<b>\$163,925</b>	<b>\$32,771</b>	<b>\$0</b>	<b>\$196,696</b>	<b>1.00</b>	<b>\$155,607</b>	<b>\$33,462</b>	<b>\$0</b>	<b>\$189,069</b>

DP 100 - Additional funds for Library Federations - HB 482 - The legislature added \$66,233 of state special revenue to the Library Commission with the passage of HB 482, which increased the Coal Severance Tax allocated to the local impact account from 7.75 percent to 8.36 percent. The local impact account funds support the six library federations that

serve community libraries across Montana. The federation uses RIT funding to: 1) cooperatively purchase technology, automated services, and unique library software; and 2) fund continuing education opportunities for local library staff.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

DP 7000 - Clerical Assistance in Library Development - The legislature approved the restoration of 1.00 FTE and approximately \$59,000 that was eliminated in the general fund reduction adopted by the 2003 legislature. The position provides clerical assistance in the library development department, which provides management and technology assistance to Montana libraries.

DP 7001 - Interlibrary Loan Reimbursement - The legislature approved \$25,136 per year general fund for the interlibrary loan reimbursements program for local libraries, returning slightly less than one third of the general fund reduction made by the last legislature as it addressed budget balancing measures.

DP 7002 - Computer Equipment Upgrade - OTO - The legislature added \$70,000 one-time-only, restricted, general fund for technology to protect library data and its delivery: a higher capacity tape backup system costing approximately \$25,000; a backup generator costing approximately \$35,000 to provide power for critical systems in the event of a power outage of long duration; and additional hard-disk storage to accommodate anticipated growth in storage needs costing approximately \$10,000.

### **Language**

The legislature approved the following language for inclusion in HB2:

"Library Commission funding includes biennial appropriations of \$205,662 in general fund money and \$800,000 in federal funds for grants to local libraries."